

Market Update

GOLDEN WINDOW OPENS FOR FAST ACTING SELLERS

The M&A market has bounced back strongly this financial year. Buyers have returned in force and EBIT multiples have been preserved.

Interestingly, buyers have returned to the market ahead of sellers, creating pent up demand from well organised and funded buyers keen to resume their acquisition programs to make up for lost time.

In contrast, there are fewer businesses coming onto the market for sale. Business owners planning to retire or divest for other reasons may have deferred plans for the past year if their super fund assets had diminished or if their profits have been reduced, thereby affecting value.

As a consequence, owners who are ready to proceed should benefit from the current 'golden' window where there are currently more highly motivated buyers than sellers.

The long term forecast is for increasing numbers of sellers to return to the market relative to buyers, as baby boomers continue to reach retirement age.

Therefore, as this pent-up demand to sell is released, the long term forecast is for a return to a buyers' market with a downward effect on prices.

If a business' current maintainable earnings are tracking lower than in the prior years, owners can still proceed with confidence if their order books are strong and forecasts are achievable. This may require transaction structuring to allow both parties to proceed with confidence.

SUPERTRAC POSTS STRONG YEAR-TO-DATE RESULT

Supertrac has already completed more transactions in the 7 months YTD Jan 2010 than for the whole of FY09. This strong recovery is being led by motivated buyers keen to resume their expansion plans. With a pipeline of current clients with a combined value of more than \$180 million, this year promises to be another record year for Supertrac.

Some recent transactions include:

- Sawmill in Qld to an industry player
- Quarry operator in Bowen Basin, Qld to an industry player
- Electronic Security Services in Qld to a NASDAQ listed company
- Funeral Home in Tasmania to an industry consolidator
- Bark Processor in Qld to a related party

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